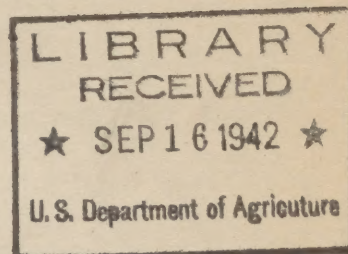


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UNITED STATES DEPARTMENT OF AGRICULTURE
U.S. EXTENSION SERVICE AND
BUREAU OF AGRICULTURAL ECONOMICS
COOPERATING



CHARTS

THE NATIONAL PROGRAM TO CONTROL THE COST OF LIVING

The charts in this book have been selected by a joint committee of the Bureau of Agricultural Economics and the Extension Service as best suited to explain the need for measures outlined by President Roosevelt in his program to control the cost of living and of winning the war.

Copies of this book have been sent to each county agent and to extension economists. Large wall charts are available as explained in the succeeding paragraphs. Explanatory legends are not included on the wall charts.

Wall charts, 30 by 40 inches in size, will be made by the Bureau of Agricultural Economics on receipt of order (10 cents each on blueprint paper and 20 cents each on blackline paper).

HOW TO ORDER

1. List negative number,* title, and kind of paper—whether blueprint or blackline.
2. Give name and address of individual to whom charts should be sent.
3. Make all remittances payable to the Treasurer of the United States, and send with the order to Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

*If the full set of 14 charts is desired, list as "Cost of Living Chart Set" and specify kind of paper, making remittance. (The price is \$1.40 for a blueprint-paper set and \$2.80 for a blackline paper set.)

Washington, D. C.
May 1942

188

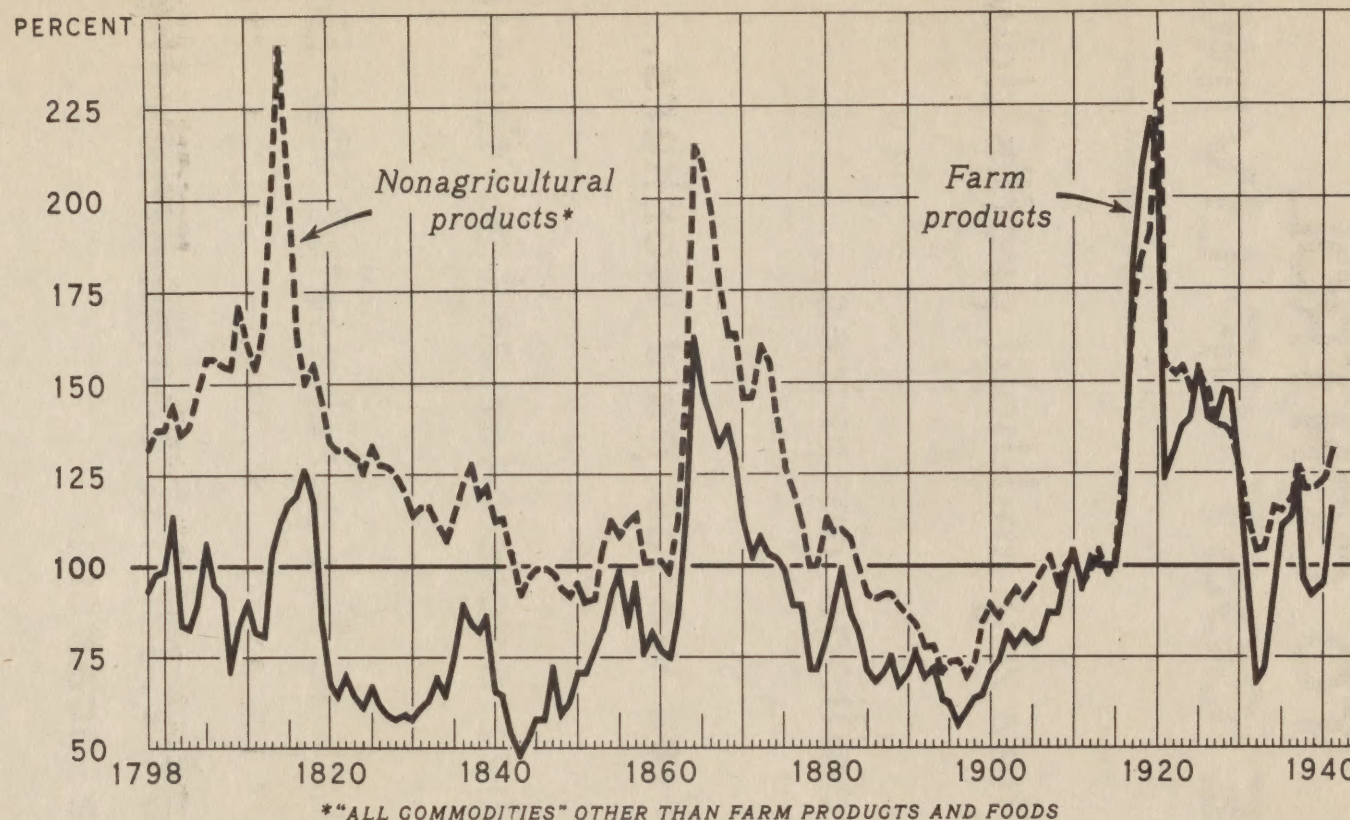
THE NATIONAL PROGRAM TO CONTROL THE COST OF LIVING

1. Tax heavily and hold profits down.
2. Fix ceilings on prices.
3. Stabilize wages paid workers.
4. Stabilize prices received by farmers.
5. Encourage the purchase of War Bonds.
6. Ration essential commodities that are scarce.
7. Discourage installment buying and pay off debts.

SEP 16 1942 *ag-13*

WHOLESALE PRICES OF FARM AND NONAGRICULTURAL PRODUCTS, UNITED STATES, 1798-1941

INDEX NUMBERS (1910-14=100)



U. S. DEPARTMENT OF AGRICULTURE

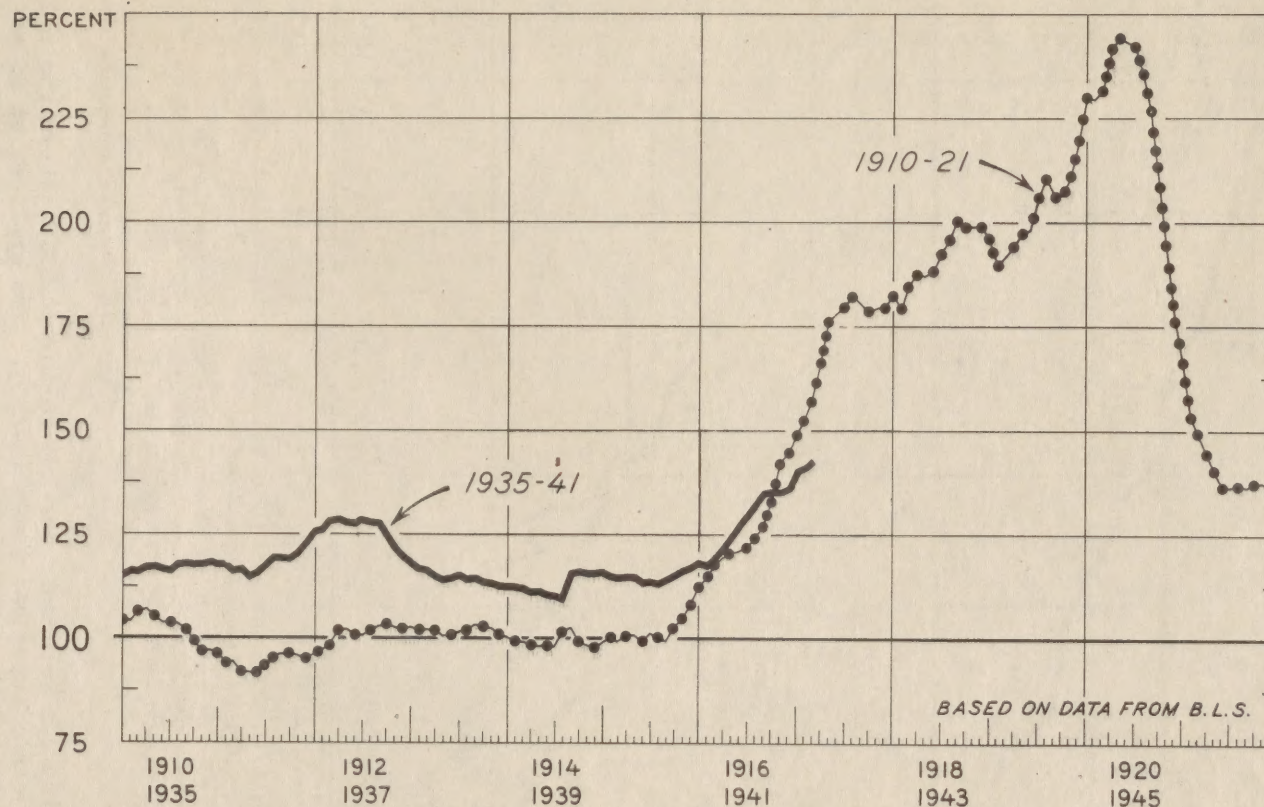
NEG. 23549

BUREAU OF AGRICULTURAL ECONOMICS

Agricultural and nonagricultural prices have shared the influences of industrial prosperity and credit expansion in war and immediate post-war periods. The marked price fluctuations which occur over long periods of years are one of the major uncertainties with which farmers must contend. From a low point of 56 in 1896 the index of prices of farm products rose to 221 in 1919, and declined again to 68 in 1932. In March of this year the index of farm prices was 144 and the index of prices of nonagricultural products was 141.

WHOLESALE PRICES OF ALL COMMODITIES, UNITED STATES, 1910-21, AND 1935-41

INDEX NUMBERS (1910-14=100)



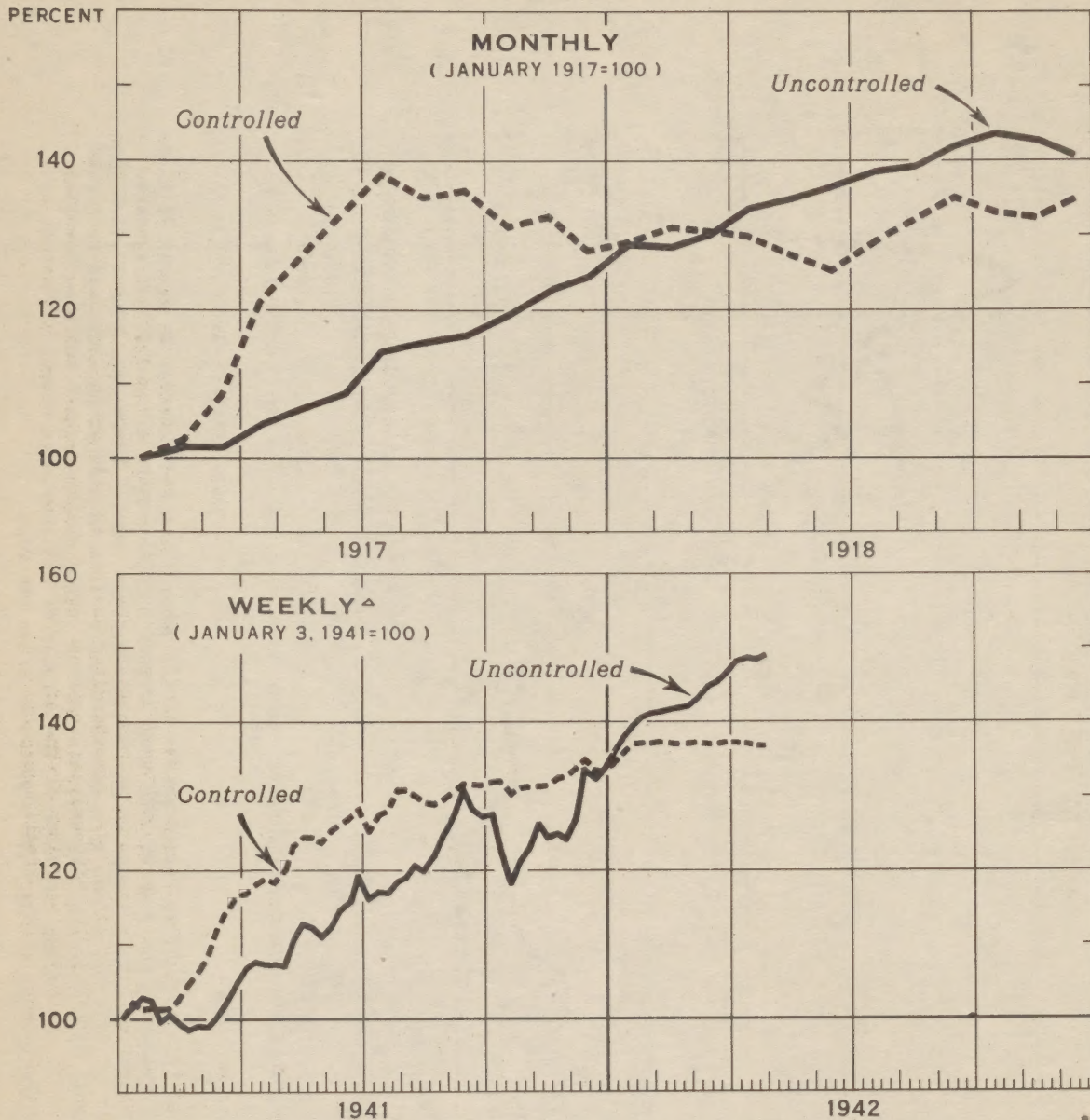
THE NUMBER OF COMMODITIES USED IN COMPUTING THESE INDEX NUMBERS WAS 550 IN 1913 AND 889 IN 1941

U.S. DEPARTMENT OF AGRICULTURE

NEG. 39520 BUREAU OF AGRICULTURAL ECONOMICS

During the period 1915 to 1920 wholesale prices of all commodities rose sharply to nearly $2\frac{1}{2}$ times the 1910-14 level. Following the peak in 1920 they dropped to 137 percent of the 1910-14 average. From 1935 to 1940 there was little change in the wholesale price level. There was, however, a slight rise in 1936 and 1937. This was offset by a corresponding decline in 1938 which continued to August 1939. At the outbreak of the war in 1939 wholesale prices jogged sharply upward and then levelled off until late in 1940. Since the beginning of the defense effort they have risen, but not as rapidly as in 1916 partly because of the effectiveness of price controls.

WHOLESALE PRICES OF CONTROLLED AND UNCONTROLLED COMMODITIES, INDEX NUMBERS, UNITED STATES, 1917-18. AND 1941-42*



* 1917-18. BASED ON 573 CONTROLLED AND 793 UNCONTROLLED COMMODITIES;

1941-42. BASED ON 20 CONTROLLED AND 8 UNCONTROLLED COMMODITIES

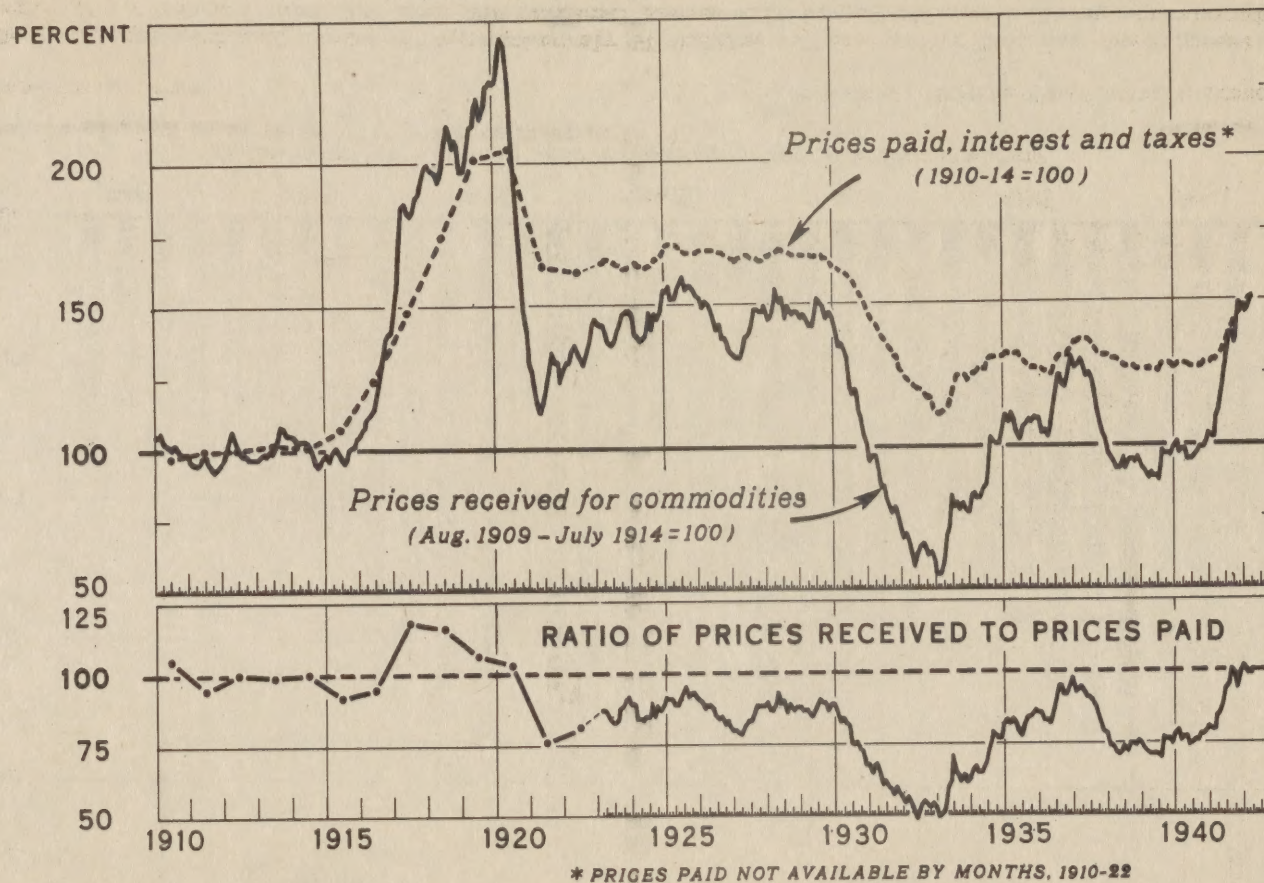
^ BASED ON DATA FOR FRIDAY OF EACH WEEK

U. S. DEPARTMENT OF AGRICULTURE

NEG. 39810 BUREAU OF AGRICULTURAL ECONOMICS

In World War I price controls were started in August 1917, after the prices of several important commodities had risen sharply. The application of additional controls between August 1917 and the Armistice prevented any further rise in the prices of the controlled group. Prices of uncontrolled commodities on the other hand increased steadily from 1917 to the end of the war. In this war, as in the previous war, price controls were applied only after sharp increases in prices had occurred.

PRICES RECEIVED AND PAID BY FARMERS, INDEX NUMBERS, UNITED STATES, 1910-42

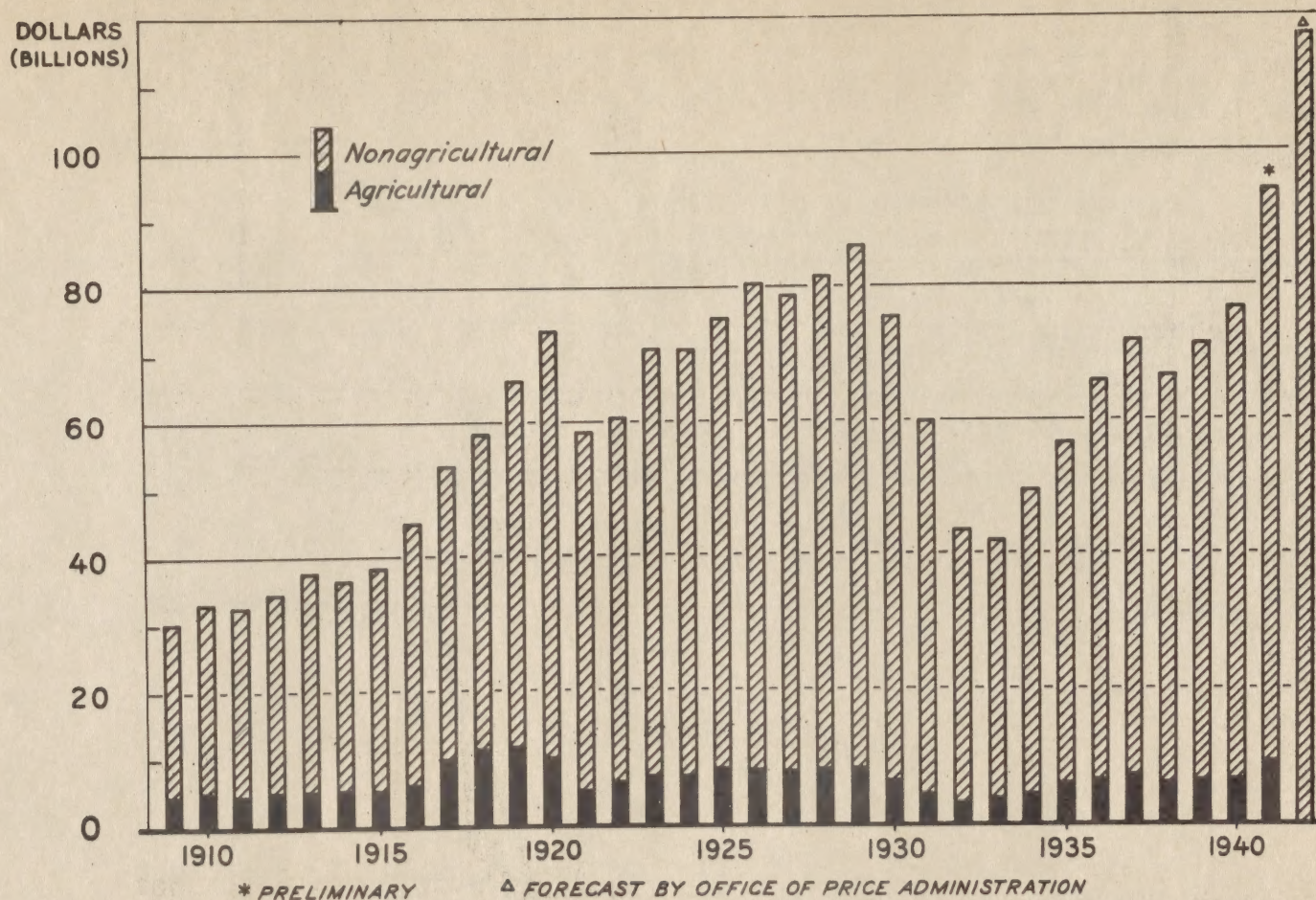


U. S. DEPARTMENT OF AGRICULTURE

NEG. 39935 BUREAU OF AGRICULTURAL ECONOMICS

For 20 years prior to 1941 average prices received by farmers in the United States failed to reach parity (the relation to prices paid by farmers including interest and taxes, which prevailed in 1910-14). The closest approach was in 1937 when decreased production of some commodities due to drought plus improved consumer demand carried prices to 98 percent of parity. From August 1941 through March 1942 prices averaged 99 percent of parity, and in 2 of these months were slightly above parity, reflecting increased consumer demand and government purchases connected with the war. This means that with respect to price control regulation, the present time is more favorable to farmers than any during the last 20 years.

NATIONAL INCOME: AGRICULTURAL AND NONAGRICULTURAL, 1909-42



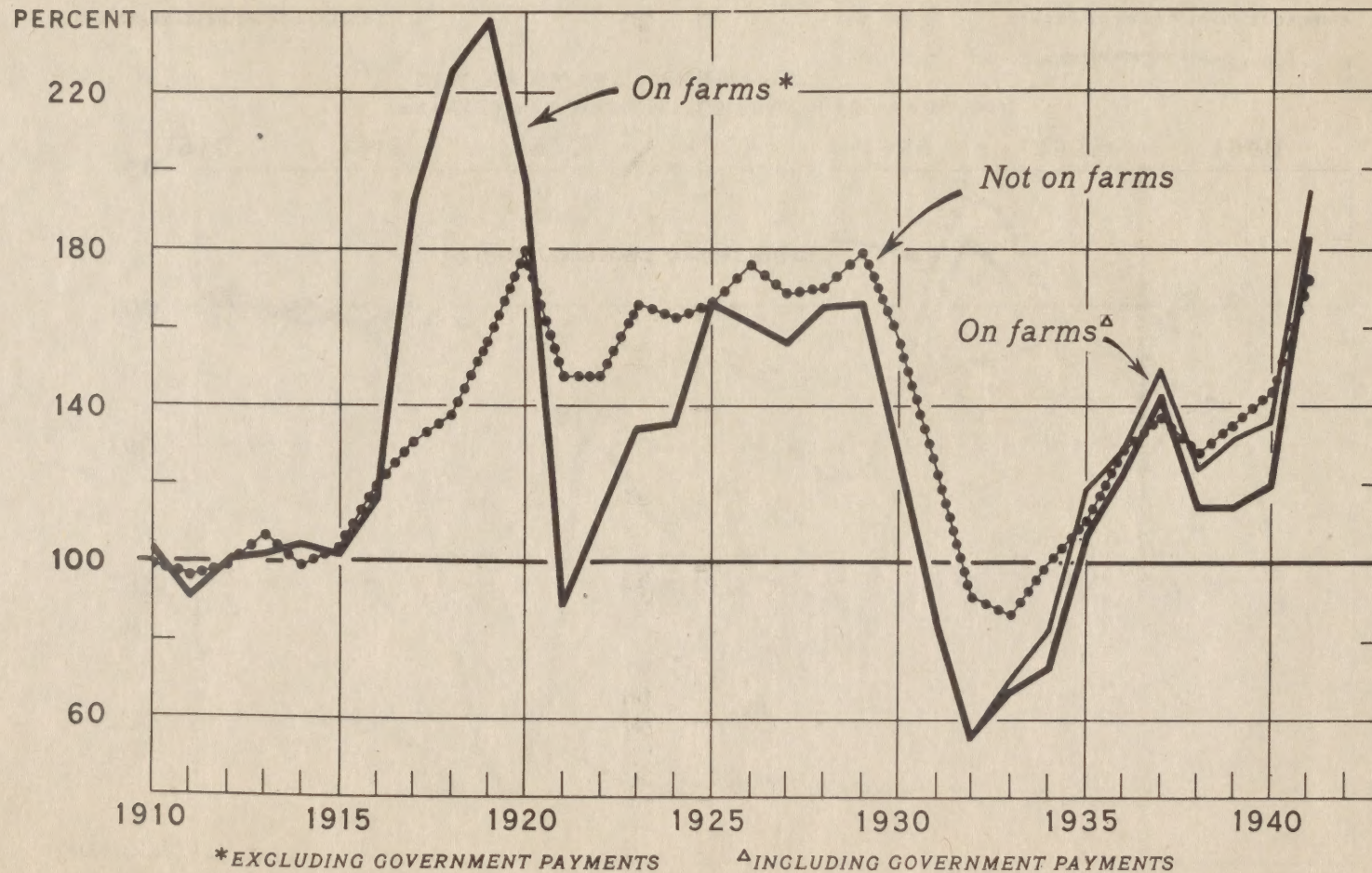
U.S. DEPARTMENT OF AGRICULTURE

NEG. 42176 BUREAU OF AGRICULTURAL ECONOMICS

The estimated national income of approximately 95 billion dollars during 1941 was the highest on record. It is forecast that for 1942 the national income will be 117 billion dollars, approximately 27 billion dollars more than in 1941 and about 50 percent greater than in 1940. The supply of goods and services available for civilian consumption in 1942, however, will be less than during either of these years. The increase in national income on one hand and the decrease in the supply of civilian goods and services on the other suggest the necessity of a program to control the cost of living.

INCOME PER CAPITA, ON FARMS AND NOT ON FARMS, UNITED STATES, 1910-41

INDEX NUMBERS (1910-14=100)



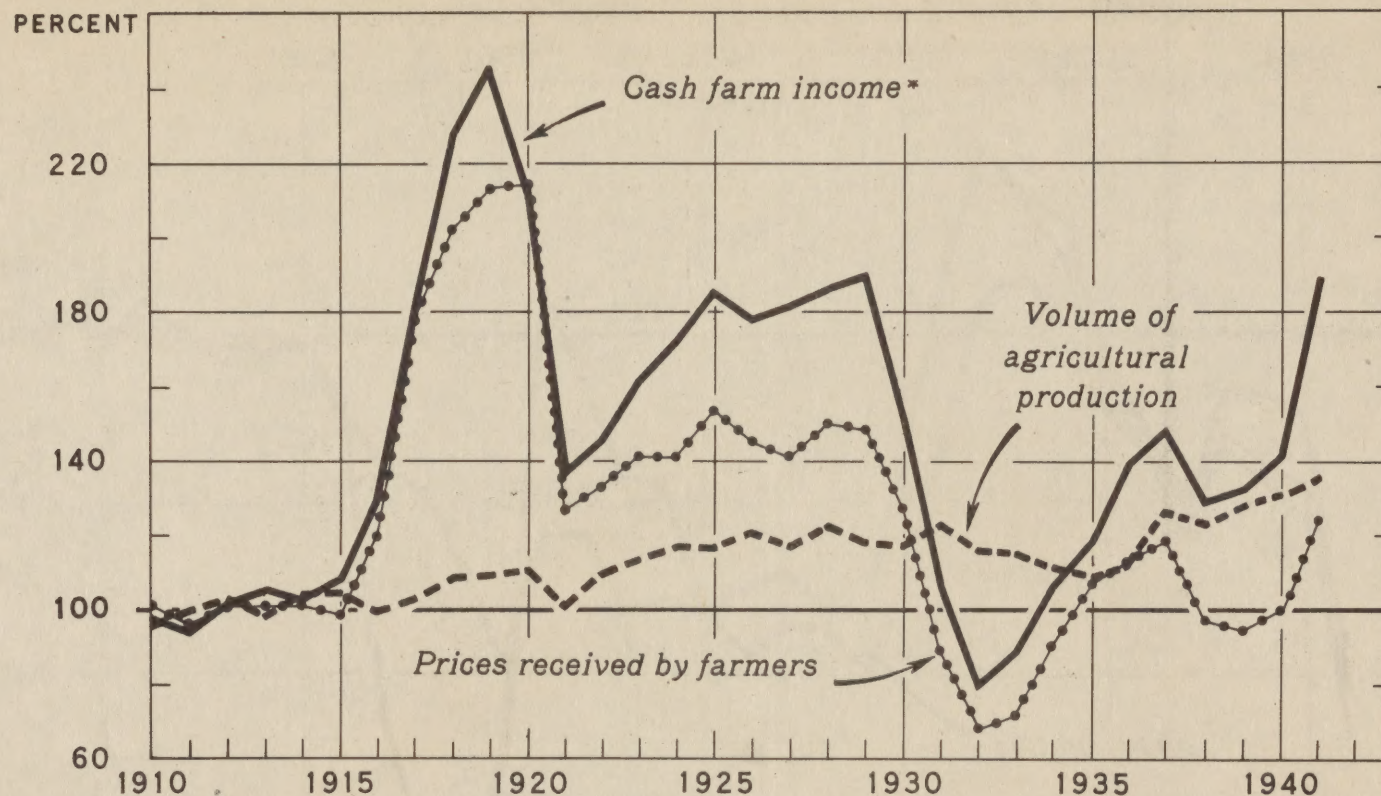
U. S. DEPARTMENT OF AGRICULTURE

NEG. 39402 BUREAU OF AGRICULTURAL ECONOMICS

While farmers enjoy a more rapid rise in income than other groups in periods of inflation, the decline in their income is relatively greater in periods of deflation. In the period from 1935 to date the per capita income of farm people has been about at parity with the income of non-farm people.

AGRICULTURAL PRODUCTION, PRICES, AND INCOME, UNITED STATES, 1910-41

INDEX NUMBERS (1910-14=100)



* EXCLUDING GOVERNMENT PAYMENTS, BEGINNING 1933
DATA FOR 1941 ARE PRELIMINARY

U. S. DEPARTMENT OF AGRICULTURE

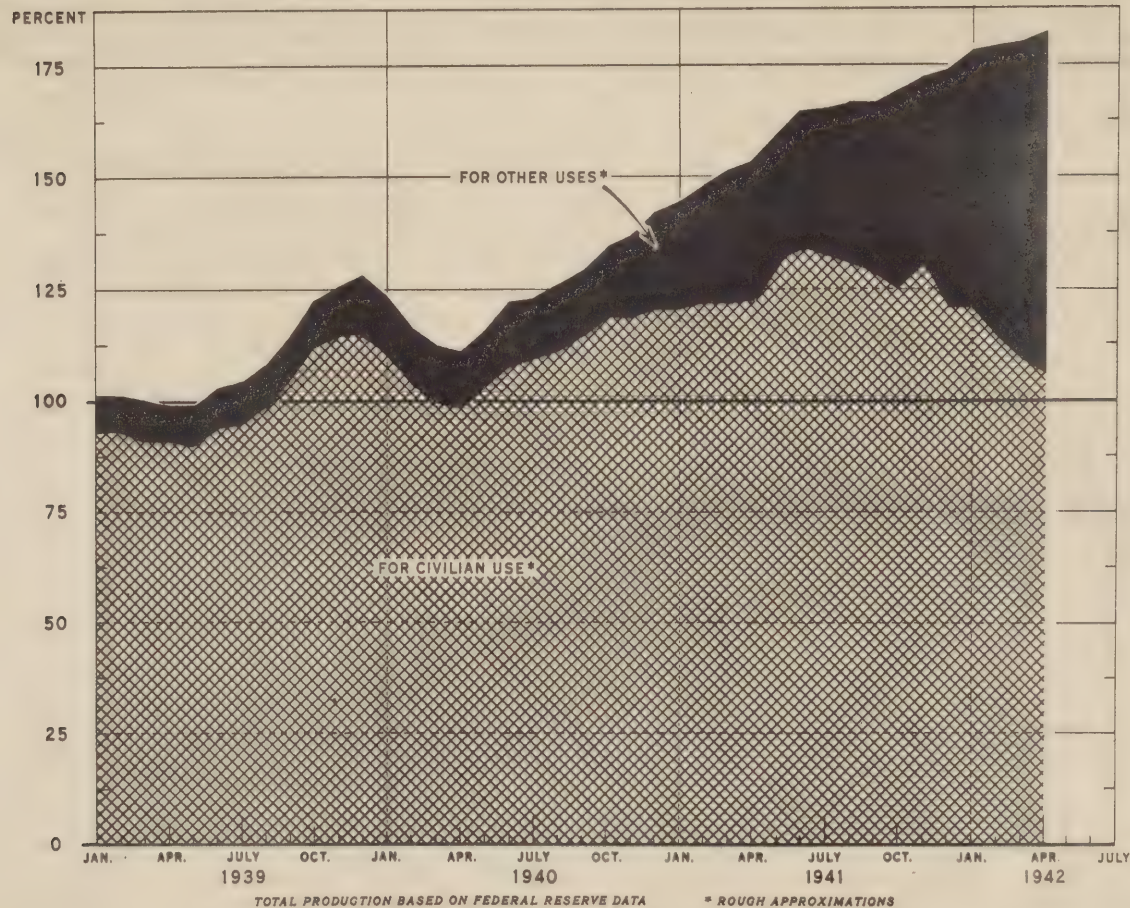
NEG. 39408

BUREAU OF AGRICULTURAL ECONOMICS

Changes in farm income are closely associated with changes in prices rather than changes in production. This is in contrast with the situation in manufacturing industries. The level of agricultural production in recent years has been approximately 1/3 higher than during the period 1910-14. Agricultural production in 1942 will probably exceed the record production of 1941 and even with a substantial increase in prices over present levels farm income will probably be the largest since 1920.

FACTORY PRODUCTION IN THE UNITED STATES, 1939-42

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION



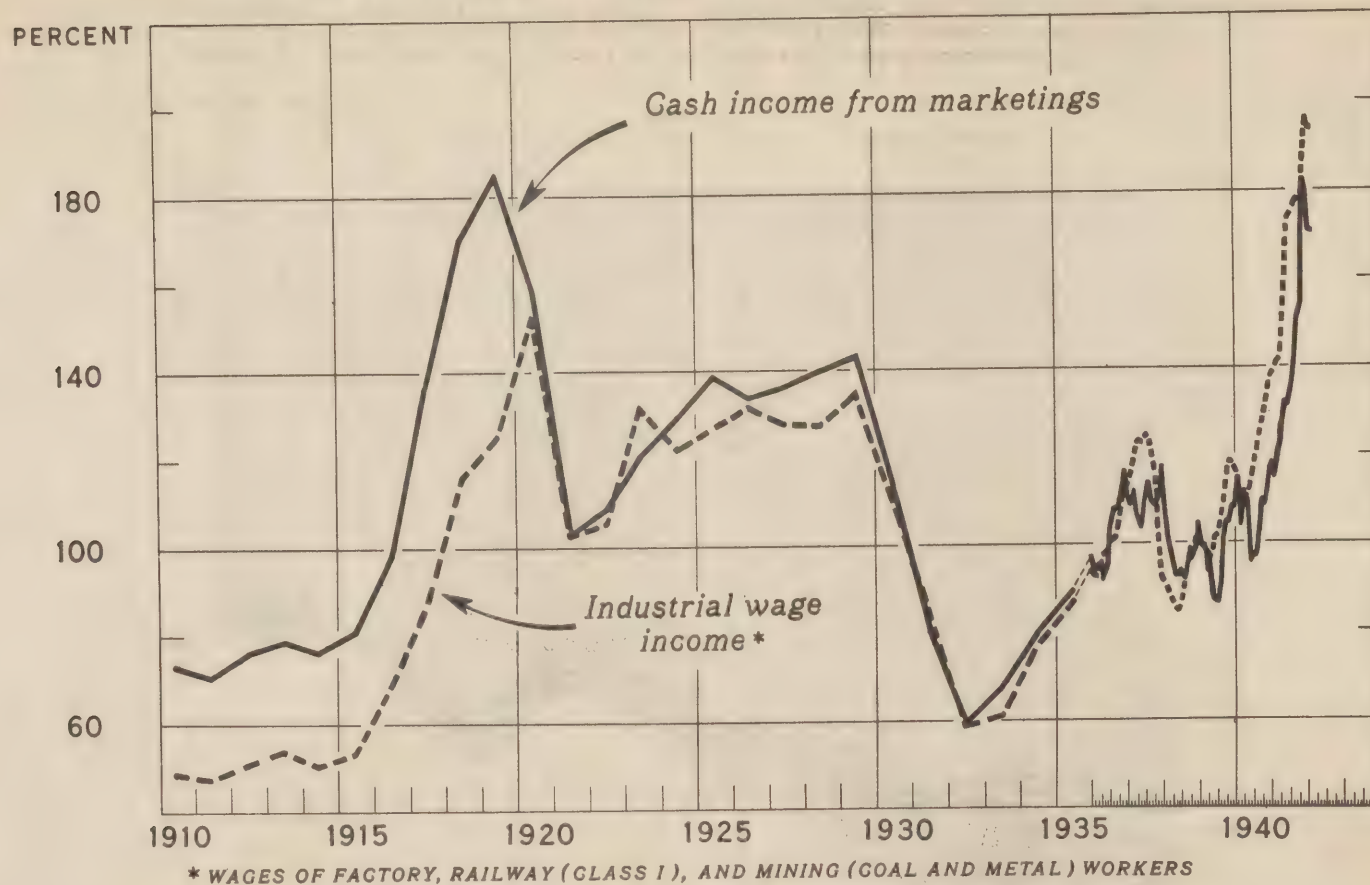
U. S. DEPARTMENT OF AGRICULTURE

NEG. 39160 BUREAU OF AGRICULTURAL ECONOMICS

Output of factory products for civilian use appears to have continued to increase until mid-1941, to have held close to the peak then reached through November, and then to have fallen sharply. This decline will probably continue through 1942. The aggregate amount of goods available to consumers, however, has not dropped correspondingly because during 1941 there were large additions to inventories in the hands of both manufacturers and distributors. These large stocks may be drawn upon for a time to meet a part of consumer demand.

CASH FARM INCOME FROM MARKETINGS, AND WAGE INCOME OF INDUSTRIAL WORKERS, UNITED STATES, 1910-42

INDEX NUMBERS (1935-39=100) ADJUSTED FOR SEASONAL VARIATION

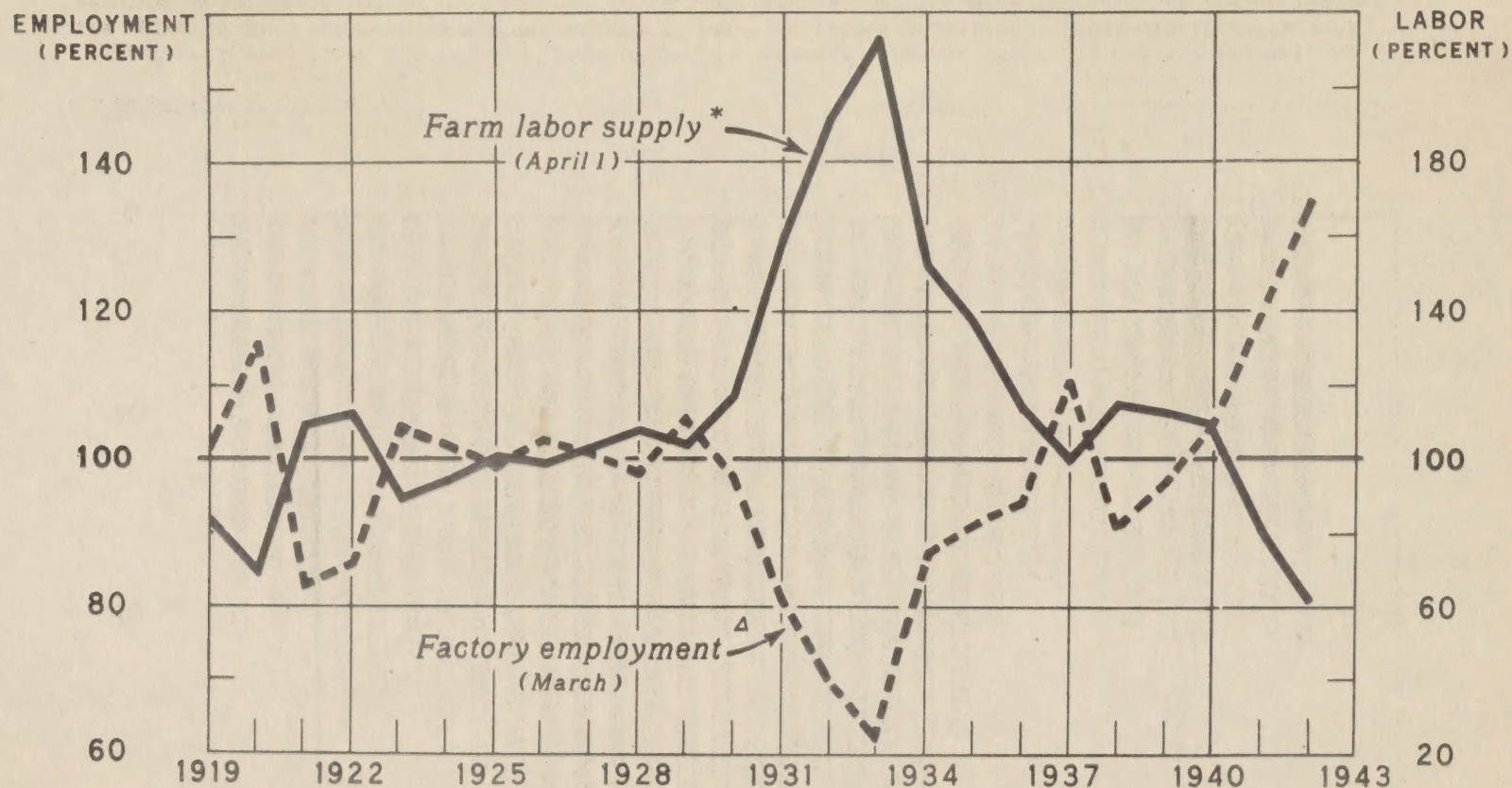


U. S. DEPARTMENT OF AGRICULTURE

NEG. 39972 BUREAU OF AGRICULTURAL ECONOMICS

Changes in cash income from the sale of farm products are closely associated with changes in the wage income of industrial workers. Since 1940 cash income from marketings and industrial wage incomes have been increasing rapidly. Both series are now at the highest levels since 1920. With the supply of goods available for civilian use limited a larger than usual proportion of the available purchasing power can be used for savings and taxes. If this excess purchasing power is not devoted to financing the war effort the effect will be to force prices higher.

SUPPLY OF FARM LABOR AND FACTORY EMPLOYMENT, INDEX NUMBERS, UNITED STATES, 1919-42



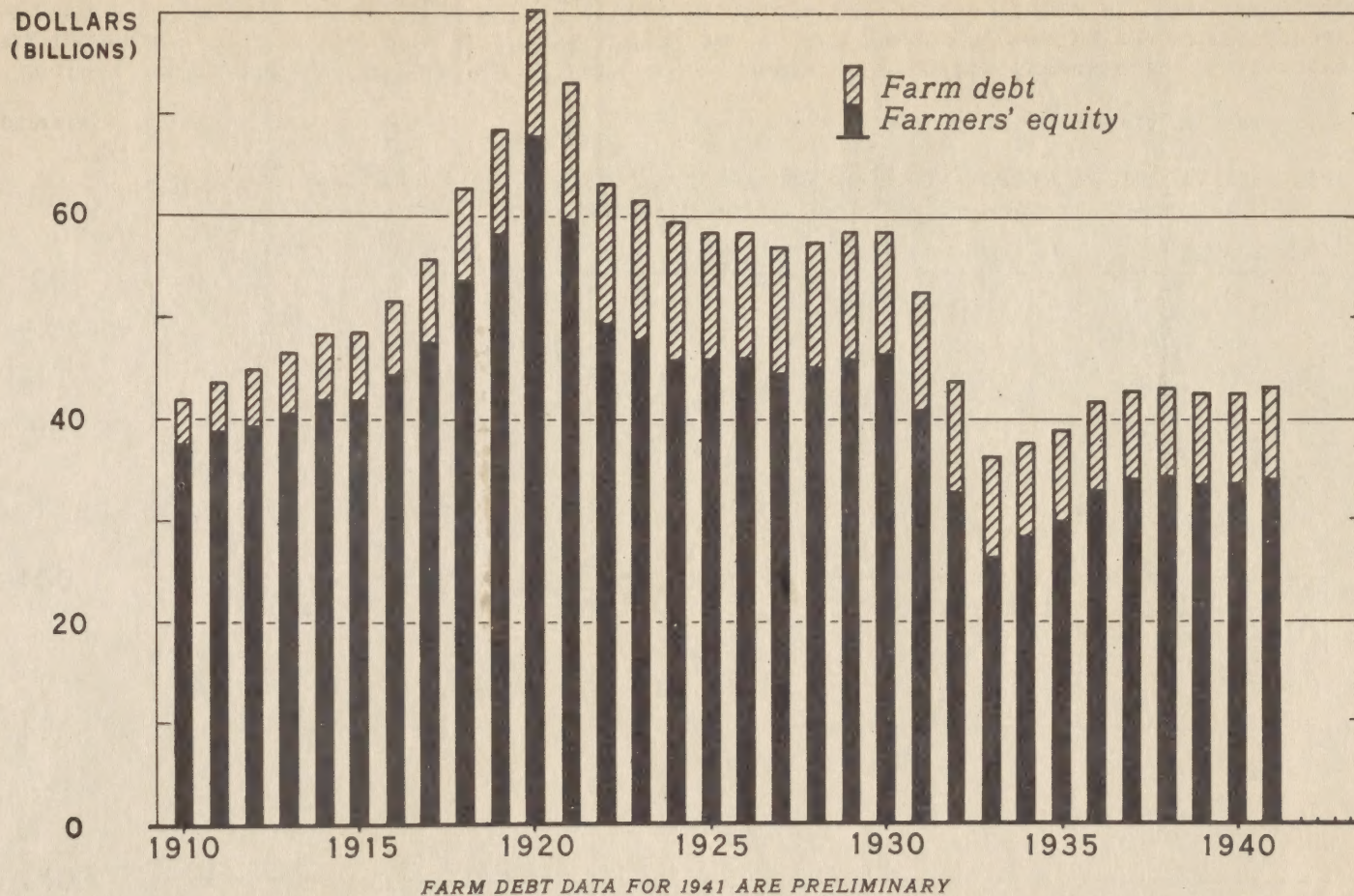
* SUPPLY AS PERCENTAGE OF DEMAND, ("NORMAL" SUPPLY WITH "NORMAL" DEMAND=100)
 Δ EMPLOYMENT IN MANUFACTURING INDUSTRIES, (1923-25=100), FROM BUREAU OF LABOR STATISTICS

U. S. DEPARTMENT OF AGRICULTURE

NEG. 21524 BUREAU OF AGRICULTURAL ECONOMICS

Factory employment and the supply of farm labor change in opposite directions. As factory employment increases further from the March 1942 level and as the number of men in the armed forces increase, the number of persons in the normal labor force available for work on farms will decrease. For this reason action is being taken to supplement the usual supply of farm workers with housewives, school children and others not in the normal labor force.

VALUE OF FARM PROPERTY, JANUARY 1, UNITED STATES, 1910-41

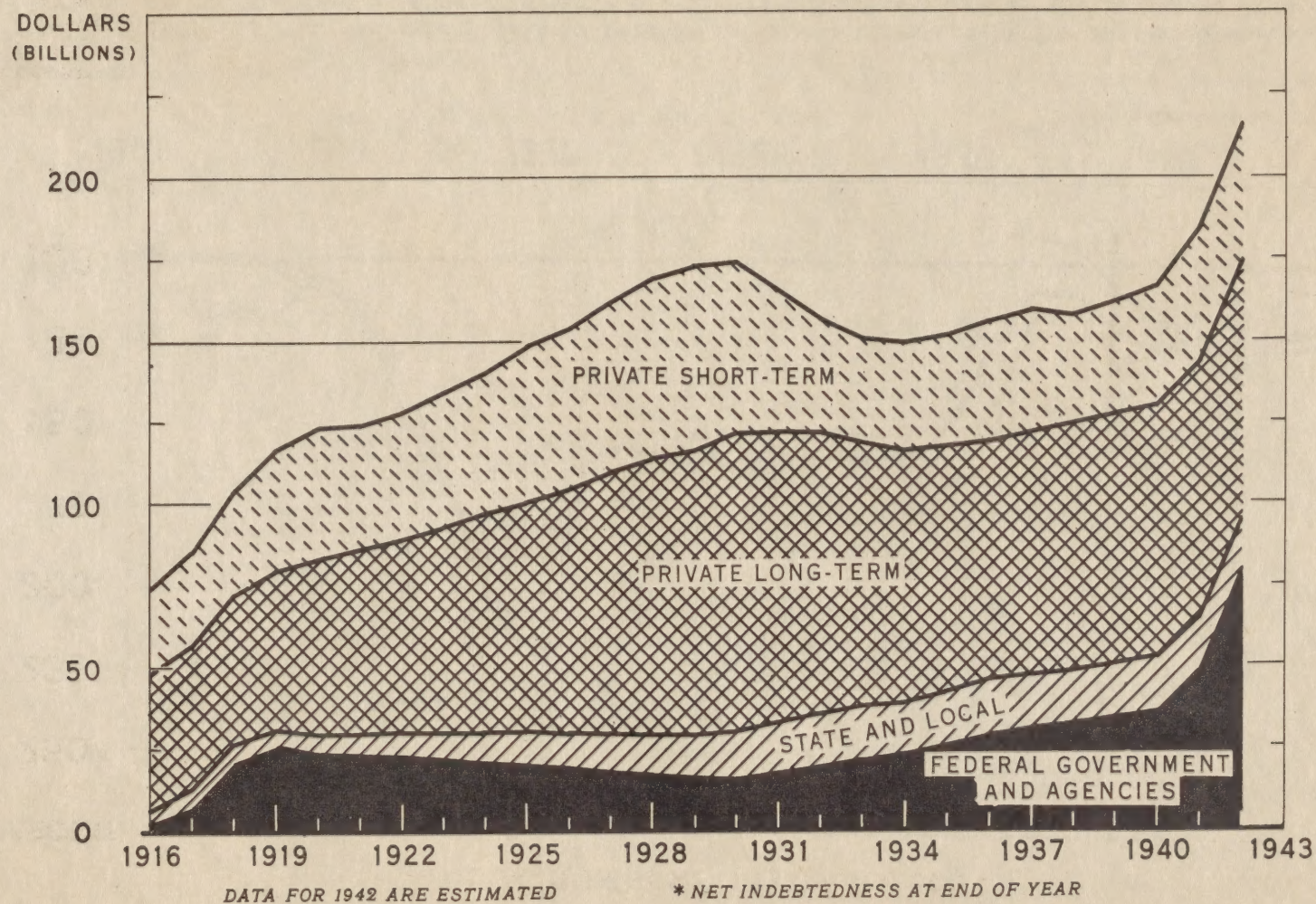


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NEG. 39407 BUREAU OF AGRICULTURAL ECONOMICS

As farm income rises the value of farm property increases. During the World War the increase in the value of farm real estate was warranted by long-term income prospects. Consequently debts were acquired which could not be paid off out of post-war income. In the present period of rising income an increase in the value of farm property is again taking place. During 1941 the value of farm real estate increased more than \$2,500,000,000. Although some further increase during the next two years may be expected the experience of the first World War in bidding land values to unwarranted heights should be avoided.

GOVERNMENT AND PRIVATE DEBT, UNITED STATES, 1916-42*



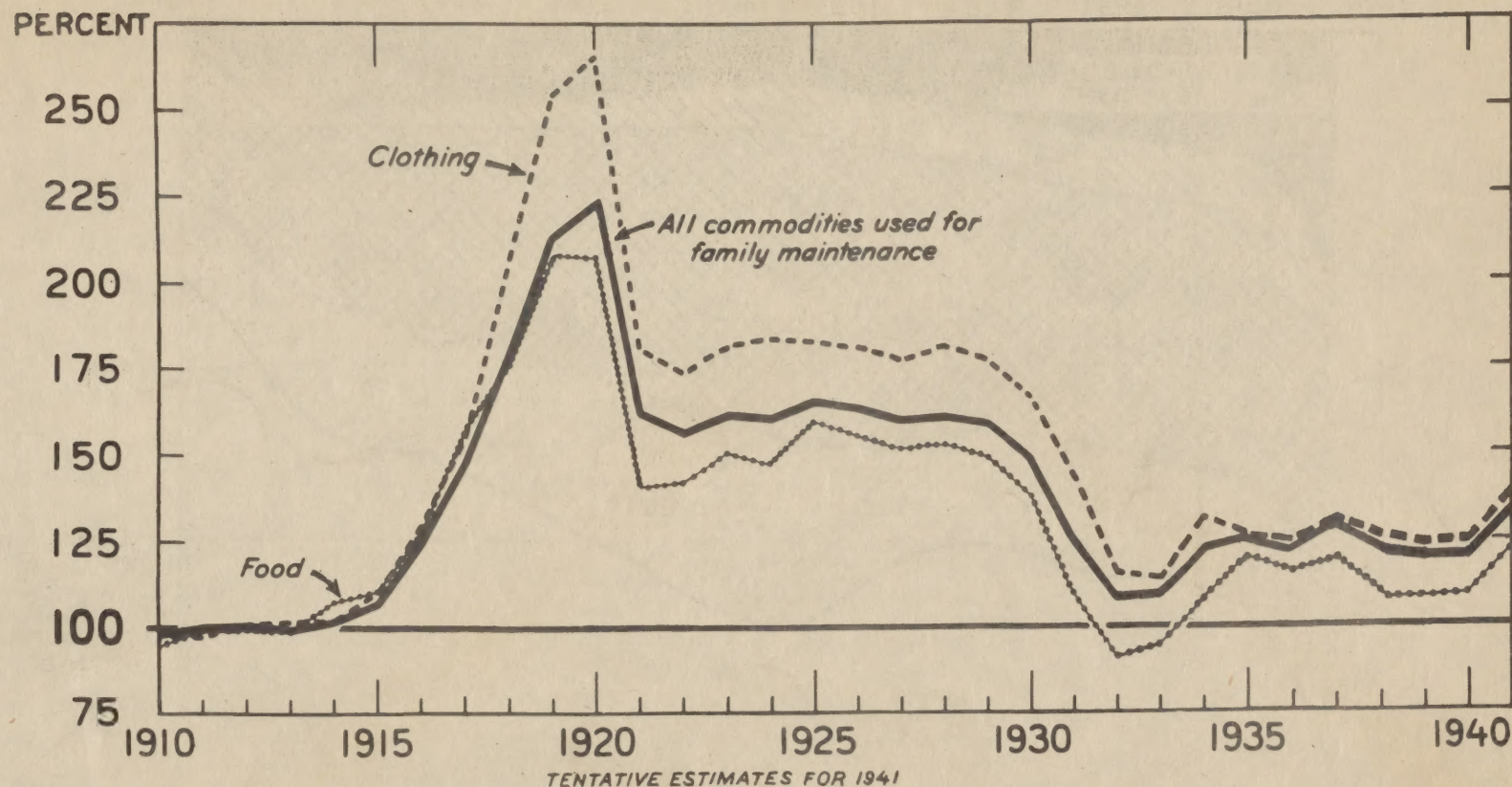
U. S. DEPARTMENT OF AGRICULTURE

NEG. 42205 BUREAU OF AGRICULTURAL ECONOMICS

During wars the tendency is for government and private debts to increase. The national program aims to tax heavily, hold profits down, discourage installment buying and encourage the payment of debts. It is thus intended to minimize the increase in private indebtedness which otherwise would occur.

Prices Paid by Farmers for Food, Clothing, and Family Maintenance, 1910-41

INDEX NUMBERS (1910-14=100)



U. S. DEPARTMENT OF AGRICULTURE

NEG. 24214-B

BUREAU OF AGRICULTURAL ECONOMICS

Between 1915 and 1920 the prices paid by farmers for commodities bought for family maintenance practically doubled. The decline after the war was only about half as large as the increase. The present program to control the cost of living is intended to maintain at present levels the prices of commodities needed by farmers for family living.